

Message Text

CONFIDENTIAL

PAGE 01 MOSCOW 13555 01 OF 02 162102Z
ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 CU-04 EB-08 COME-00
STR-05 FEA-01 INT-05 CIAE-00 INR-07 NSAE-00
TRSE-00 ACDA-07 L-03 DODE-00 PM-05 NSC-05 SP-02
SS-15 /103 W

-----130832 162137Z /73

R 161639Z SEP 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 2256
INFO USMISSION GENEVA
USMISSION USUN NEW YORK
USLO PEKING
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 1 OF 2 MOSCOW 13555

E.O. 11652: GDS
TAGS: EEWT, ETRD, ENRG, EAID, GATT, UR, JA, CH
SUBJECT: COMMENTS OF USA INSTITUTE DEPUTY DIRECTOR

SUMMARY: USA/CANADA INSTITUTE DEPUTY DIRECTOR SHERSHNEV COMMENTED ON JUST CONCLUDED FOURTH ANNUAL MEETING OF SOVIET-JAPANESE ACADEMICIANS. ACCORDING TO SHERSHNEV, JAPANESE PARTICIPANTS FROM "NATIONAL SECURITY INSTITUTE" WERE SOBERED BY SETBACKS IN JAPAN-PRC TRADE. HE PREDICTED A "QUALITATIVE CHANGE" IN SOVIET-JAPANESE RELATIONS ONCE BAM RAILWAY IS COMPLETED AND NAKHODKA PORT DEEPENED, BUT SAID JAPANESE STILL WANT U.S. INVOLVEMENT IN DEVELOPMENT OF SIBERIA. SHERSHNEV SAID USSR RECOGNIZES IMPORTANCE OF NORTH/SOUTH DIALOUGE BUT CANNOT AFFORT TO DIVERT RESOURCES FROM OWN DEVELOPMENT NEEDS. HE PREDICTED A "REALLY DANGEROUS SITUATION" WOULD DEVELOP IN U.S.-SOVIET RELATIONS IF THERE IS NO PROGRESS IN STRATEGIC ARMS LIMITATION TALKS BY NOVEMBER. END SUMMARY.

1. SOVIET-JAPANESE RELATIONS. USA/CANADA INSTITUTE DEPUTY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MOSCOW 13555 01 OF 02 162102Z

DIRECTOR YEYGENIY SHERSHNEV TOLD E/C COUNSELOR DURING SEPTEMBER 14 LUCHEON THAT HE HAD JUST PARTICIPATED IN FOURTH ANNUAL SESSION OF JAPANESE/SOVIET SCHOLARS, CHAIRED ON SOVIET SIDE BY USA INSTITUTE DIRECTOR ARABTOV AND IMEMO DIRECTOR INOZEMTSEV. SHERSHNEV ASSERTED THAT JAPANESE PARTICIPANTS HAD BEEN DISAPPOINTED BY SETBACK IN TRADE RELATIONS WITH CHINA, WHEN PRC FAILED TO MEET COMMITMENTS. THEY WERE INTERESTED, HE SAID, IN EXPANDING

THE GROWING ECONOMIC RELATIONSHIP WITH USSR BASED IN PART ON JOINT DEVELOPMENT OF RESOURCES IN SIBERIA AND FAR EAST. ACCORDING TO SHERSHNEV, THERE WOULD BE A "QUALITATIVE CHANGE" IN SOVIET-JAPANESE RELATIONS ONCE KEY PROJECTS SUCH AS COMPLETION OF BAIKAL-AMUR-MAGISTRAL (BAM) AND KAKHODKA PORT DEEPENING MADE THIS POSSIBLE. HOWEVER, JAPANESE SCHOLARS HAD BEEN CAUTIOUS ABOUT ENGAGING IN SUBSTANTIAL DEVELOPMENT OF SIBERIA - SPECIFICALLY, YAKUTIA NATURAL GAS - WITHOUT U.S. PARTICIPATION, CITING FEAR OF PRC REACTION IF JAPANESE OPTED TO GO IT ALONE WITH USSR. IN THIS SENSE THEY HAD BEEN MORE CAUTIOUS THAN KEIDAREN BUSINESSMEN, WHO WERE WILLING TO TAKE THAT RISK, SHERSHNEV SAID. " (COMMENT: ALTHOUGH HE WAS NOT EXPLICIT, DIFFERENCE COULD BE DRAWN THAT SOVIET SIDE HAD ENCOURAGED JAPANESE TO ACT ALONE IF U.S. WERE NOT PREPARED.) JAPANESE EMBASSY DCM CONFIRMED TO COUNSELOR ON SEPTEMBER 15 THAT JAPANESE STILL REGARD U.S. PARTICIPATION IN YAKUTSK GAS PROJECT AS ESSENTIAL.

2. INTERNATIONAL ECONOMIC ISSUES. SHERSHNEV SAID USSR RECOGNIZES THAT NEEDS OF DEVELOPING COUNTRIES ARE A SERIOUS CONCERN. THE USSR WAS INCREASINGLY INTERESTED IN THIS AREA, BUT IT WAS NOT PREPARED TO EARMARK A FIXED SHARE OF ITS GNP FOR ECONOMIC ASSISTANCE. BASICALLY, THE USSR NEEDS ITS RESOURCES FOR ITS OWN DEVELOPMENT AND HAS LITTLE TO SPARE FOR OTHERS. MOREOVER, OUTSIDE HELP CAN BE ONLY OF LIMITED VALUE. THE THIRD WORLD MUST SOLVE ITS PROBLEMS BY
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MOSCOW 13555 01 OF 02 162102Z

IT OWN DECISIONS; OTHERS CANNOT DO THIS FOR IT, IN SHERSHNEV'S VIEW. (COMMENT: WHILE HE DID NOT ELABORATE THE POINT, SHERSHNEV SEEMED TO IMPLY THAT THIRD WORLD COUNTRIES MUST TAKE INTERNAL MEASURES ALONG LINES APPROVED BY USSR BEFORE THEY WOULD BE ABLE EFFECTIVELY TO UTILIZE FOREIGN AID.) ASKED ABOUT POSSIBLE SOVIET PARTICIPATION IN INTERNATIONAL ECONOMIC ORGANIZATIONS, SHERSHNEV SAW NO SOVIET INTEREST IN THIS AREA ASIDE FROM GATT, TO WHICH HE SAID USSR WAS NOT DEVOTING MORE INTEREST THAN HERETOFORE.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MOSCOW 13555 02 OF 02 162113Z
ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 CU-04 EB-08 COME-00
STR-05 FEA-01 INT-05 CIAE-00 INR-07 NSAE-00
TRSE-00 ACDA-07 L-03 DODE-00 PM-05 NSC-05 SP-02
SS-15 /103 W

-----131009 162137Z /73

R 161639Z SEP 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 2257
INFO USMISSION GENEVA
USMISSION USUN NEW YORK
USLO PEKING
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 2 OF 2 MOSCOW 13555

3. IMPROVING U.S./SOVIET ECONOMIC RELATIONS. SHERSHNEV STATED THAT HE HAD BEEN INVITED TO PARTICIPATE IN SEMINAR ORGANIZED BY US-USSR TRADE AND ECONOMIC COUNCIL (TEC) ON COMPENSATION PROJECTS TO BE HELD NEXT MONTH IN LONDON. HE REHEARSED FAMILIAR THEME THAT MERE TRADE WAS INSUFFICIENT. NEW FORMS OF ECONOMIC COOPERATION MUST BE FOUND IN US-SOVIET RELATIONS. ASKED WHAT PRODUCTS, SKILLS OR FACTORS OF PRODUCTION SOVIETS MIGHT BE ABLE TO CONTRIBUTE TO THIS PROCESS, SHERSHNEV SEEMED SINGULARLY UNABLE TO PROVIDE ANY SPECIFICS. ASKED IN THIS CONTEXT IF SOVIETS WERE GIVING THOUGHT TO DEVELOPMENT OF EXPORT SECTOR IN ANY AREA OF PRODUCTION WHERE THEY MIGHT ENJOY COMPARATIVE ADVANTAGE, HE DOUBTED USSR WOULD CREATE SUCH A SECTOR. DOMESTIC NEEDS ARE TOO GREAT. THRUST OF TENTH FIVE YEAR PLAN IS TOWARDS QUALITY, BUT OLD HABITS OF PRODUCTION DIE HARD, HE EXPLAINED. IT WAS DIFFICULT TO CONVINCE PRODUCERS OF NEED TO PRODUCE MORE COST EFFECTIVELY. FOR EXAMPLE, WHILE ENTERPRISE MANAGERS HAVE AUTHORITY TO DISMISS WORKERS IF THEY CAN MEET PLAN TARGETS WITHOUT THEM, IN PRACTICE THIS RIGHT IS NOT EXERCISED BECAUSE LOCAL PARTY ORGANIZATION WOULD STAND BY ANY WORKERS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MOSCOW 13555 02 OF 02 162113Z

SO RELEASED. SOCIAL FACTORS, HE SAID, ARE GIVEN PRECEDENCE OVER ECONOMIC PROGRESS.

4. ARMS RACE. SHERSHNEV SAID THAT UNLESS THERE IS PROGRESS IN THE STRATEGIC ARMS LIMITATION NEGOTIATIONS BY NOVEMBER, A "REALLY DANGEROUS SITUATION" WOULD DEVELOP. ASKED TO ELABORATE, HE SAID THAT FAILURE TO REACH AGREEMENT SOON WOULD MEAN A NEW ROUND OF HIGHER SPENDING ON ARMAMENTS. DURING DISCUSSION OF RELATIVE DEFENSE BUDGETS, SHERSHNEV STATED THAT USSR, HAVING AN ECONOMY ABOUT HALF THE SIZE OF THE U.S., FELT OBLIGED TO SPEND SO MUCH FOR DEFENSE SO AS NOT TO STAND EXPOSED TO ANOTHER "1941".

5. U.S. ADMINISTRATION. SHERSHNEV SAID THAT USA INSTITUTE IS PRESENTLY WORKING ON A NEW BOOK ON U.S. ECONOMY. THEIR INSTITUTE'S STUDIES HAVE CONVINCED HIM THAT UNEMPLOYMENT WILL BE CONTINUING PROBLEM FOR U.S. AND WILL NOT GO DOWN WITHOUT STRONG GOVERNMENT ACTION, SUCH AS THAT TAKEN IN 1930'S TO CREATE GOVERNMENT JOBS. HE SUGGESTED THAT ENVIRONMENT MIGHT PROVIDE TARGET THAT ROADS DID IN 1930'S. SHERSHNEV FURTHER ARGUED THAT CARTER ADMINISTRATION HAD NOT YET TAKEN SIGNIFICANT ACTION IN ANY AREA OF POLICY, FOREIGN OR DOMESTIC. (COMMENT: COUNSELOR OF COURSE REBUTTED THIS ASSERTION. SHERSHNEV SEEMED DECIDEDLY TO UNDERESTIMATE SIGNIFICANCE OF CONGRESS IN BOTH FOREIGN AND DOMESTIC POLICY.)

6. SOVIET CONSTITUTION. SHERSHNEV SAID THAT NEWSPAPERS HAVE BEEN FLOODED WITH RECOMMENDATIONS BY CITIZENS FOR CHANGES IN DRAFT SOVIET CONSITUTION, WHICH HE SAID IS DUE TO BE ADOPTED BY EARLY MEETING OF SUPREME SOVIET. MEETING IN USA/ CANAD INSTITUTE ALONE HAD PRODUCED FIVE AND ONE-HALF PAGES OF RECOMMENDATIONS ASKED WHAT THEY WERE, SHERSHNEV AVOIDED ANSWERING BUT SAID THEY HAD COME MAINLY FROM INSTITUTE'S LEGAL CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MOSCOW 13555 02 OF 02 162113Z

SECTION WHICH HAD BEEN MUCH INFLUENCED BY AMERICAN LAW.
TOON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 16-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MOSCOW13555
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770337-0984
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770955/aaaabuqj.tel
Line Count: 199
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c4f4ab43-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1245960
Secure: OPEN
Status: NATIVE
Subject: COMMENTS OF USA INSTITUTE DEPUTY DIRECTOR SUMMARY: USA/CANADA INSTITUTE DEPUTY DIRECTOR SHERSHNEV COMMENTED ON JUST CONCLUDED FOURTH ANNUAL MEETING
TAGS: EEWT, ETRD, ENRG, EAID, UR, JA, CH, GATT
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/c4f4ab43-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009